

Person to Contact: [REDACTED]
 Telephone Number: [REDACTED]
 Refer Reply to: Internal Revenue
 Service P.O. Box A-1230 DPN 22-3
 Attn: Chief, EP/EO Review Staff
 Chicago, Illinois 60690

Date: DEC 22 1987

corrected R.F. 12/3/87

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(6) of the Internal Revenue Code.

The information submitted with your Form 1024 application discloses that you were incorporated on [REDACTED] as a nonprofit organization in the State of [REDACTED].

Your purposes as stated in your Articles of Incorporation shall be "for the renovation, preservation and redevelopment of the [REDACTED] and property adjacent thereto".

When asked to describe your activities in Form 1024 you indicated that you have negotiated the sealing, repair and stripping of the common black top parking area. You have accepted bids to conduct a survey of the center. You are considering seeking a blanket bid to secure uniform sidewalks for the members of the organization. The organization has attempted to coordinate individual owners' efforts to advantage by the coordination of termite treatment. The organization has considered coordinating all service related systems for the merchants and property owners such as trash hauling, window washing, sign maintenance, etc."

The members of your organization are limited to "every property owner located in the area defined as [REDACTED] and property adjacent thereto" as stated in Article VIII of your Articles of Incorporation.

The organization's only source of funds currently is member assessment. The initial assessment was \$[REDACTED] per member. It is anticipated assessments will be made periodically based on need or to fund certain projects.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	EO 201	EO 201	EP/EO RS	EO 60 CS	12/20/87		
Surname	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		
Date	10/5/87	10/5/87	12/3/87	12/4/87	12/7/87		

Section 501(c)(6) of the Internal Revenue Code provides for exemption of "business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of Income Tax Regulations reads as follows:

"BUSINESS LEAGUES, CHAMBERS OF COMMERCE, REAL ESTATE BOARDS AND BOARDS OF TRADE. A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. An association engaged in furnishing information to prospective investors, to enable them to make sound investments, is not a business league, since its activities do not further any common business interest, even though all of its income is devoted to the purpose stated. A stock or commodity exchange is not a business league, a chamber of commerce, or a board of trade within the meaning of section 501(c)(6) and is not exempt from tax. Organizations otherwise exempt from tax under this section are taxable upon their unrelated business taxable income. See sections 511 to 515, inclusive and the regulations thereunder".

It is the position of the Internal Revenue Service that a shopping center merchants' association whose membership is restricted to and required of the tenants and their common lessor, and whose activities are directed to promoting the general business interest of the members does not qualify as a business league or chamber of commerce under Section 501(c)(6) of the Code. See Revenue Ruling 73-411, 1973-2 Cumulative Bulletin, page 180.

In the case of your organization, your membership is limited to property owners of the shopping center and property owners

adjacent to the center. The membership is determined without reference to any geographical or political community as would be necessary for it to comprise a membership comparable to that of a chamber of commerce. The coordination of services you wish to supply for your members are services for which they would ordinarily be responsible as individual property owners.

Because of the above described operation your activities are aimed at the performance of particular services for your individual members as distinguished from the improvement of business conditions generally as required by Section 1,501(c)(6) of the Income Tax Regulations.

We have concluded that you do not qualify for exemption from Federal Income Tax as an organization described in Section 501(c)(6) of the Internal Revenue Code. Accordingly, you are required to file Federal income tax returns on Form 1120, annually with your District Director.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you agree with this determination please sign and return the enclosed Form 6013.

Sincerely yours,


District Director

Enclosures:
Publication 392
Form 6018